

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 NSC-05
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 OPIC-03
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02
LAB-04 SIL-01 IGA-02 /083 R

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TREAS: D SYVRUD

EUR/WE: E M ROWELL

-----034851 020646Z /21

R 011545Z JUL 77

FM SECSTATE WASHDC

TO AMEMBASSY PARIS

INFO AMEMBASSY LISBON

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E.O. 11652: N/A

TAGS: EFIN, PO, FR

SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: PARIS, 18443, STATE 143032

1. EMBASSY IS REQUESTED TO APPROACH GOF AT HIGH LEVEL TO
URGE THAT GOF UNTIE OR EFFECTIVELY UNTIE ITS PROPOSED CREDIT.

2. THE U.S. IS PLEASED AT THE OUTCOME OF THE JUNE 22 MEET-
ING AND THE DEMONSTRATED COOPERATION OF THE INDUSTRIAL DE-
MOCRACIES TO SUPPORT DEMOCRATIC CONSOLIDATION AND ECONOMIC
STABILIZATION IN PORTUGAL. WE APPRECIATE FRENCH DECISION
TO PARTICIPATE IN BALANCE OF PAYMENTS SUPPORT FOR PORTUGAL
AND TO INCREASE THE PROPOSED AMOUNT OF THE FRENCH CREDIT TO
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15 MILLION DOLS.

3. THE U.S. HOPES THAT THE GOF WOULD REVIEW THE FORM OF
THEIR PROPOSED ASSISTANCE AND EXPLORE FULLY MECHANISMS TO
PROVIDE AN UNTIED OR EFFECTIVELY UNTIED CREDIT. PARTICI-
PANTS AT THE FIRST MEETING IN MAY RECOGNIZED THAT BECAUSE
PORTUGAL'S FINANCING NEEDS ARE NEAR TERM AND CRITICAL, UN-

TIED BALANCE OF PAYMENTS LOANS WOULD BE THE MOST APPROPRIATE FORM OF ASSISTANCE. AS A RESULT OTHER COUNTRIES HAVE FOUND MECHANISMS TO PROVIDE UNTIED CREDITS. AT PRESENT COUNTRIES HAVE INDICATED FIRM COMMITMENTS TO PROVIDE ABOUT 680 MILLION DOLS IN UNTIED LOANS. ONLY THREE COUNTRIES -- JAPAN (FOR A PART OF ITS CREDIT) CANADA AND FRANCE HAVE INDICATED DIFFICULTY WITH UNTYING. WE ARE URGING ALL 3 TO FIND MEANS TO EFFECTIVELY UNTIE ALL THEIR PROPOSED BALANCE OF PAYMENTS LOANS FOR PORTUGAL. WITH OTHERS, AT CONSIDERABLE EFFORT, OFFERING ABOUT 700 MILLION DOLS IN UNTIED CREDIT, IT IS INAPPROPRIATE THAT SOME 50-60 MILLION DOLS FROM THESE 3 COUNTRIES BE EFFECTIVELY TIED TO NATIONAL EXPORTS. WE WOULD HOPE THAT FRANCE COULD FIND AN UNTIED MECHANISM SO THAT THE FORM OF THE GOF CREDIT WOULD BE FULLY CONSISTENT WITH PORTUGAL'S FINANCING NEEDS AND THE ASSISTANCE PLEDGED BY OTHER PARTICIPANTS.

4. IF THE GOF CANNOT PROVIDE A FULLY UNTIED LOAN WE WOULD HOPE THAT THE FRENCH COULD MAKE A HELPFUL EFFORT TO EFFECTIVELY UNTIE THEIR CREDIT. FOR EXAMPLE, AN ASSIGNMENT OF THE PROPOSED CREDITS TO PREVIOUS FRENCH EXPORTS, INCLUDING A BROAD BASE OF CONSUMER AND DURABLE GOODS, WOULD ELIMINATE TYING TO NEW PURCHASES. THE GOF COULD ALSO OFFER A MEDIUM-TERM EXTENSION OF EXPORT CREDITS DUE TO BE REPAYED OVER THE NEXT 18 MONTHS. SUCH ARRANGEMENTS TO AFFORD EFFECTIVE UNTYING WOULD MAKE THE FRENCH CREDIT RAPIDLY DISBURSING BY LIMITED OFFICIAL USE

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RELEASING PORTUGUESE EXCHANGE FOR GENERAL WORLDWIDE PROCUREMENT. CHRISTOPHER

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NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSTRUCTIONS, DEMARCHE, FUND ALLOTMENT, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: C H ERVIN
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Film Number: D770236-1007
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770797/aaaadgif.tel
Line Count: 96
Litigation Code IDs:
Litigation Codes:
Litigation History:
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